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Agriculture

Foreign
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Service

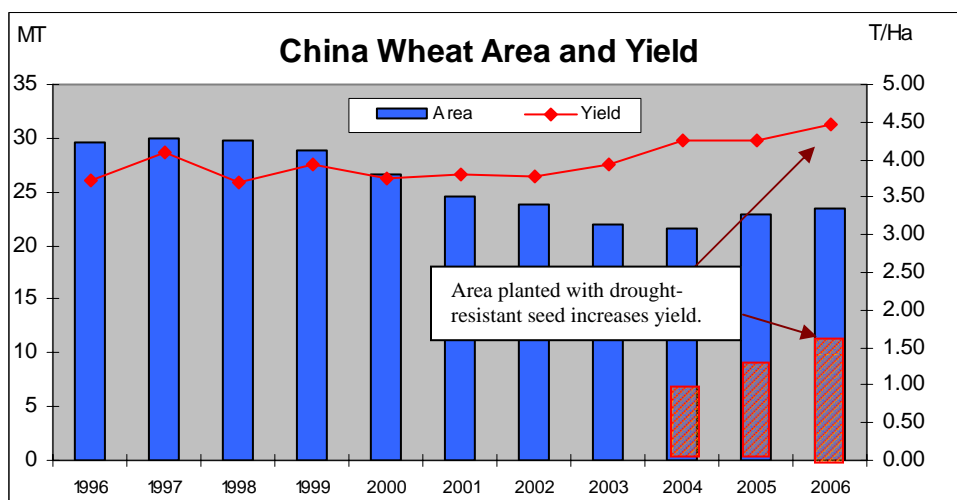
Circular Series
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World Agricultural Production

China Wheat Crop Boosted By Timely Rainfall and Better Seed Varieties

China's 2006/07 wheat production is estimated at 105.0 million tons, up 7.5 million from last month and from last year. The estimate includes 99.0 million tons of winter wheat and 6.0 million tons of spring wheat. Area is estimated at 23.5 million hectares, up 2 percent from last month and 3 percent from last year. Yield is estimated at 4.47 tons per hectare, up 5 percent from 2005/06.

Winter wheat area for 2006/07 is estimated at 21.8 million hectares, up 3 percent from last



year. According to planting surveys by the Ministry of Agriculture and other Chinese sources, winter wheat area increased in 2006 for the third consecutive year in response to favorable prices, government incentives, and favorable soil moisture and temperatures at planting. The percentage of total area planted to high quality, high yielding seeds (including drought/pest resistant and high protein varieties) has now reached 54 percent and is expected to increase.

Winter wheat production is estimated at 99.0 million tons, up 7 million from last year, due mainly to record yields. Growing conditions were very good in the Yangtze and Huai River Basins this year. Warm temperatures and timely rainfall in May improved yield prospects in the Yellow River Valley, which had been suffering from drought, extreme temperature swings, and unusually severe sandstorms in March and April. Warm and dry weather in early June was ideal for winter wheat harvesting across China. Preliminary harvest reports from seven major wheat growing provinces (accounting for 76 percent of total production) indicate bumper crops this year, with record-to-near-record yields and higher quality than last year. Henan, China's largest wheat province, reported a record wheat crop of 28.2 million tons, up 2.2 million from last year, while other provinces reported production increases of 2-26 percent.

Spring wheat production for 2006/07 is estimated at 6.0 million tons, similar to last year. Planted area is expected to increase slightly to 1.7 million hectares. The crop is now in the filling stage, with harvesting scheduled to begin in late July. Although drought was a problem in many spring wheat areas during May and early June, current rainfall and temperatures are generally favorable and yield prospects are good. *(For more information, contact Paulette Sandene at 202-690-0133.)*

Australia Wheat Crop Forecast Lower Due to Western Dryness

Australia wheat production for 2006/07 is forecast at 21.5 million tons, down 2.5 million from last month and down 3.0 million from last year. Area is forecast at 11.5 million hectares, down 1.3 million from last month and down 1.1 million from last year. Yield is forecast at 1.87 tons per hectare. This yield is below the 5-year average, excluding the severe drought of 2002. Most winter grain areas recorded below-average rainfall during the Australia summer. The opportunities for an average wheat area have diminished as the dry conditions persisted into the normal sowing calendar. South Australia has experienced the most promising start of the current season. May and June rainfall was average to above-average in the majority of South Australia's wheat regions. Widespread May rainfall in Victoria allowed significant planting to occur with adequate soil moisture. Followup rain is needed in both states. Sowing was delayed by dryness in the wheat areas of New South Wales and southern Queensland until the second week of June, when beneficial rainfall enabled limited seeding operations to resume. The current lack of subsoil moisture, particularly in southern and central New South Wales, makes these crops more vulnerable to dry seasonal conditions. Conditions across Western Australia's wheat belt have been variable. The largest wheat-producing state, Western Australia, is experiencing one of the least favorable starts in many years. Most of the grain belt is in need of rainfall. Crops that were sown early are starting to suffer from moisture stress as well as from the effect of warmer than normal temperatures for this time of year. *(For more information contact Jim Crutchfield at 202-690-0135.)*

Outstanding Weather Boosts Ukraine Wheat

The USDA estimates Ukraine wheat production for 2006/07 at 13.0 million tons, up 2.0 million from last month, but down 5.7 million from last year. Although severe fall dryness hampered crop establishment and a cool April delayed spring development, ideal weather during May and June enabled winter wheat to recover from extremely unfavorable early-season conditions. Estimated yield stands at 2.41 tons per hectare, up 16 percent from last month, but down 15 percent from last year. Wheat area was increased slightly, from 5.3 to 5.4 million hectares, based on preliminary data indicating that winter losses due to frost were lower than expected. Winter wheat comprises about 90 percent of Ukraine's total wheat area. *(For more information, contact Mark Lindeman at 202-690-0143.)*

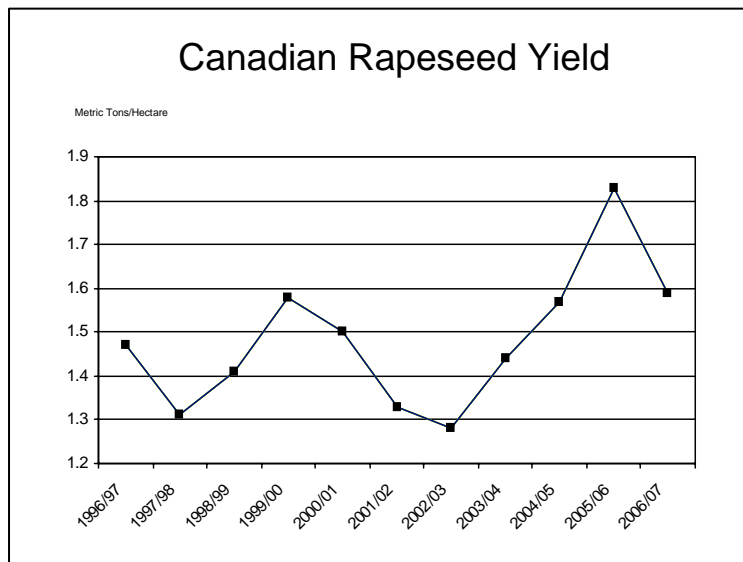
Ukraine Spring Barley Benefits From Favorable Weather

The USDA estimates Ukraine barley production for 2006/07 at 10.7 million tons, up 1.3 million from last month and up 1.7 million from last year. The increase is attributed chiefly to a 20-

percent increase in forecast yield following remarkably favorable weather beginning in May and continuing through June. Yield is estimated at 2.14 tons per hectare, up 9 percent from last month and up 3 percent from last year. Spring barley accounts for about 90 percent of Ukraine's total barley area. *(For more information, contact Mark Lindeman at 202-690-0143.)*

Canada's Rapeseed Seeding Estimates Increased

Canada's rapeseed production for 2006/07 is forecast at 8.10 million tons, up 7 percent from last month, but down 16 percent from last year's record. Harvested area is forecast at 5.10 million hectares, up 6 percent from last month's estimate, but down 3 percent from last year. The production increase this month is primarily due to increased seeding, as reported by Statistics Canada. Since the initial planting intentions survey in April, Canadian farmers have increased their rapeseed planted area based on the potential for improved canola prices. The forecast yield of 1.59 tons per hectare is above the 5-year average of 1.42 tons, based on an extremely good start to this year's growing season. Soil moisture has been favorable throughout the prairies, and the Alberta Crop Report is calling this the best start of season in years. While soil moisture is rated largely good to excellent in Saskatchewan and Alberta, a small portion of Manitoba is experiencing some dryness, which will be monitored in upcoming weeks. Canola in Saskatchewan is rated 83 percent fair-to-excellent condition and is 62 percent at or ahead of normal development. In Alberta, the canola crop is rated 85 percent good-to-excellent condition and crops are 1 week ahead of development compared to this time last year. Manitoba canola fields range from bolting to mid-bloom stage with some of the earliest fields approaching full bloom. On average Saskatchewan, Alberta, and Manitoba produce 42 percent, 36 percent, and 21 percent, respectively, of Canada's rapeseed crop. *(For more information, contact Nicole Wagner at 202-720-0882.)*



Australia Rapeseed Production Forecast Lower Due to Late Planting

Australia's 2006/07 rapeseed production is forecast at 1.25 million tons, down 0.5 million from last month and down 0.19 million from last year. Area is forecast at 0.95 million hectares, down 0.35 million from last month and down 0.01 million from last year. The yield forecast of 1.32 tons per hectare is below last year and equivalent to the 5-year average excluding the severe drought of 2002. Australia's main rapeseed-producing regions have received below-normal rainfall this season. In the largest producing state, New South Wales, canola plantings were adversely affected by the late start to the season in the southern and central areas of the state. The optimal planting occurs during the months of May and June. In Victoria, area planted to canola

is forecast to increase slightly over last season, reflecting earlier timely rains that allowed an early start to planting. Crop reports indicate that the early-sown canola is in good condition, but late-planted canola needs additional rainfall in order to germinate. The area planted to canola in South Australia is expected to increase marginally over last season reflecting the early start of the season. Area is forecast to decrease in Western Australia. In 2005/06, Western Australia canola yields were some of the highest on record, averaging 1.43 tons per hectare. For 2006/07, yields are expected to return to their historical average if not slightly below due to the poor start of season. *(For more information, contact Jim Crutchfield at 202-690-0135.)*

Lower Water Supplies Reduce Planting Intended for Australia Cotton

The 2006/07 Australia cotton crop is forecast at 2.6 million bales, down 0.1 million from last month and down 0.2 million from last year. Harvested area is forecast at 0.3 million hectares, down 0.01 million from last month and down 0.04 million from last year. Sowing of the 2006/07 crop will commence in September 2006. The two main factors influencing Australian farmers' cotton planting intentions are water supplies and expected prices. Persistent below-normal precipitation and low reservoir levels will constrain area unless rainfall amounts return to seasonal levels.

The vast majority of Australia's cotton crop is produced under irrigated conditions. The drought in southern Queensland and northern New South Wales began in late 2001 and precipitation has remained below average to present. Reservoir levels for cotton areas of Queensland and New South Wales are on average slightly below those of last year at this time. If the dry conditions continue and thereby further reduce irrigation allocations prior to sowing, area planted to cotton will likely be lower. *(For more information, contact Jim Crutchfield at 202-690-0135.)*

2005/06 Changes:

South Africa Corn Area and Output Lowered for 2005/06 Due to Low Prices

South Africa's 2005/06 corn production is forecast at 7.0 million tons, down 0.5 million from last month and down 4.7 million from last year. Area is forecast at 2.1 million hectares, down 100,000 from last month and down 1.1 million from last year. The decrease in area from the previous year is attributed to low prices during most of 2005, high carry-over stocks at time of planting, and reduced credit from banks and cooperatives. The estimated yield of 3.33 tons per hectare is above the 10-year trend of 3.22 tons but below the previous year's record yield of 3.63 tons. National corn yields are expected to be well above average due to favorable rainfall and also because more than 1.2 million hectares of cropland was left fallow, or set aside, from last year. Historical analysis indicates that national yields tend to go up when countries set aside large portions of cropland because set-aside acreage tends to occur on marginal soils at both farm level and provincial scales. South African farmers harvest their corn crop each year from April to early August, with June and July being the key harvest months. *(For more information contact Curt Reynolds at 202-690-0134.)*

This report uses information from the Foreign Agricultural Service's (FAS) global network of agricultural attachés and counselors, official statistics of foreign governments and other foreign source materials, and the analysis of economic data and satellite imagery. Estimates of foreign area, yield, and production are from the Production Estimates and Crop Assessment Division, FAS, and are reviewed by USDA's Inter-Agency Commodity Estimates Committee. Estimates of U.S. area, yield, and production are from USDA's National Agricultural Statistics Service. Numbers within the report may not add to totals because of rounding. This report reflects official USDA estimates released in the World Agricultural Supply and Demand Estimates (WASDE-436), July 12, 2006.

Printed copies are available from the National Technical Information Service. Download an order form at http://www.ntis.gov/products/specialty/usda/fas_a-g.asp, or call NTIS at 1-800-363-2068.

The FAS Production Estimates and Crop Assessment Division prepared this report. The next issue of World Agricultural Production will be released after 9:00 a.m. Eastern Time, August 11, 2006.

Conversion Table

Metric tons to bushels

Wheat, soybeans	=	MT * 36.7437
Corn, sorghum, rye	=	MT * 39.36825
Barley	=	MT * 45.929625
Oats	=	MT * 68.894438

Metric tons to 480-lb bales

Cotton	=	MT * 4.592917
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Metric tons to hundredweight

Rice	=	MT * 22.04622
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Area & weight

1 hectare	=	2.471044 acres
1 kilogram	=	2.204622 pounds

For further information, contact:
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